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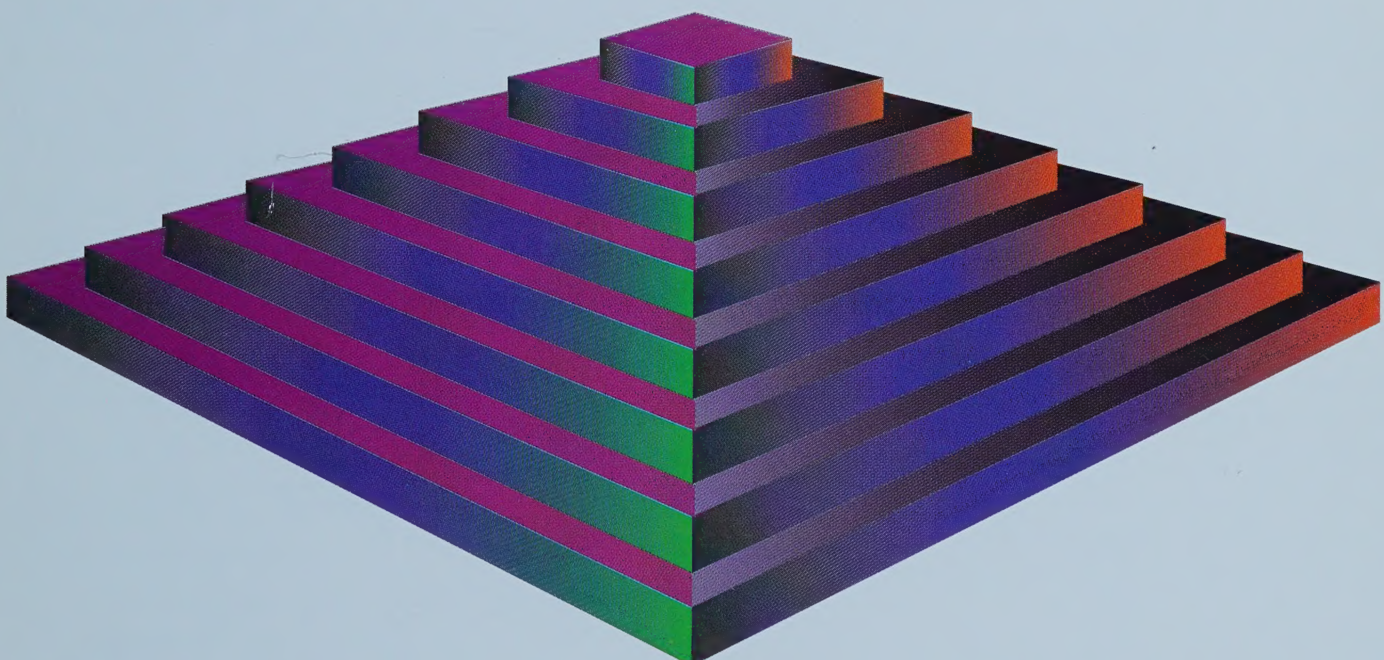
Winspear Business Reference Room
University of Alberta
1-18 Business Building
Edmonton, Alberta T6G 2R6

LEXXOR ENERGY INC.

ANNUAL REPORT



1998

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Shareholders are encouraged to attend Lexxor's Annual and Special Meeting of Shareholders which will be held on Thursday, April 22, 1999 at 3:45 p.m. in the main boardroom of Code Hunter Wittmann 1400, 700 Second Street S.W. Scotia Centre, Calgary, Alberta. Those unable to attend are requested to complete and return the Proxy Form.

CORPORATE PROFILE

Lexxor Energy Inc. is a junior oil and gas exploration and production Company with operations in Western Canada.

Lexxor has a dedicated and experienced management team committed to maximizing shareholder value through a combination of internally generated exploration and development prospects and the acquisition of oil and gas assets. Lexxor manages risk by maintaining an inventory of drillable prospects and by maximizing the use of geological, geophysical and drilling technology in an environmentally responsible manner.

The Company's shares trade on the Alberta Stock Exchange under the symbols shown below.

Class A Shares LXX.A

Class B Shares LXX.B

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ABBREVIATIONS & TERMS

ARTC	Alberta Royalty Tax Credit
Bbls	barrels
MBbls	thousand barrels
BOPD	barrels of oil per day
MCF/mcf	thousand cubic feet
Mmcf	million cubic feet
Bcf	billion cubic feet
BOE	barrel of oil equivalent
/d	per day
MBOE	thousand barrels of oil equivalent
NGL	natural gas liquids

Natural gas is equated to oil on the basis of:
10 Mcf of natural gas=1barrel of oil equivalent

HIGHLIGHTS

	1998	1997
FINANCIAL		
Oil & Gas Revenue	**$1,463,975**	$2,033,187
Cash Flow	**$100,322**	$817,699
Per share (basic)	**$0.01**	$0.11
Loss	**$(3,049,678)**	$(2,805,301)
Per share (basic)	**($0.35)**	($0.38)
Working Capital (Deficit)	**$(335,195)**	$(330,208)
Total Assets	**$3,872,608**	$6,237,056
Bank Debt	**$1,260,000**	$280,000
Capital Expenditures	**$3,245,313**	$8,469,973
Sale of Properties	**$1,166,582**	$2,735,873
Shareholders' Equity	**$1,120,646**	$4,476,902
Shares Outstanding		
Class A	**11,672,183**	8,882,683
Class B	**1,370,356**	1,390,356
Class A Share Purchase Warrants Outstanding	**3,000,000**	200,000
OPERATIONS		
Land Holdings		
Gross Acres	**61,676**	63,720
Net Acres	**26,818**	19,343
Reserves (proved and risked probable)		
Natural Gas (mmcf)	**1,747**	4,521
Crude Oil and Natural Gas Liquids (thousands of barrels)	**421**	466
Total BOE (thousands)	**596**	919
Present Value of Reserves ($000's risked and discounted at 15% before tax)	**3,293**	4,626
Wells Drilled		
Gross	**8**	33
Net	**6.3**	11.8
Production		
Natural Gas (mcf/d)	**1,558**	1,824
Oil & NGL's (BOPD)	**72**	88
Total BOE/D	**228**	270

TO OUR SHAREHOLDERS

With the sale of two non-core properties and the earning of interests in a new Alberta focus area, 1998 saw Lexxor complete a two-year process of re-positioning the Company in the Western Canada Sedimentary Basin. Exploratory success in our new Northern Project has set up an inventory of prospects on a regional trend play. The identification of new targets in the relatively mature Plains Gas Project Area has led to the generation of new prospects in a multizone prospect area having year round access and existing production facilities. Although Lexxor's finding and on stream costs remained unacceptably high during a transitional 1998, our focused approach with the drill bit and acquisitions will create value for shareholders as our recently restructured team moves into 1999.

1998 was characterized by a highly selective approach to project expenditures and pro-active efforts to sell non-core properties. Like most of the industry, Lexxor was in a mode of spending restraint. Highlights of 1998 are outlined below:

- Lexxor participated in 8 wells in 1998 at an average interest of 79 percent resulting in 4 potential gas wells, one oilwell and 3 dry holes. Seven of the eight wells were operated by Lexxor. Our production mix at year end was 70 percent gas on an exit rate of approximately 200 BOE/D.

- The Company continued to favor farmins versus Crown sales due to the flow through nature of our financing. Seven of the eight wells drilled were farm-in locations. We continue to investigate a land fund approach for future acquisition of Crown acreage.

- Despite serious cash constraints, Lexxor's divestiture of non-core properties (Tommy, Bulrush and Firebird) enabled the Company to explore its two core project areas (NW Alberta Gas /Haro and Plains Area/Monitor) and confirm their merits.

- Our drilling program established new pools at Haro, Haro South and Monitor with several follow up locations evident. A high level of competitor activity adjoining our Haro South discovery bodes well for the eventual development of production infrastructure.

- Lexxor sold approximately 200 BOE/D of production during the year (Conroy, Bulrush, Firebird and, in early January, 50% of Haro) generating gross cash proceeds of approximately $1,700,000 plus the assumption by the purchaser of $852,000 in leasing obligations against facilities at Conroy.

- While cash flow levels were disappointing and bank debt climbed, we ensured that flow through spending obligations ($2 million) were met.

- We moved ahead in December and January with two transactions (private placement and a strategic partial sale at Haro) which generated $1,100,000 in proceeds.

1999 OUTLOOK

The ability to access new capital will dictate growth versus stagnation for energy companies in 1999. Despite having raised $1,100,000 in two transactions in late 1998, Lexxor remains constrained by the limitations imposed by bank credit lines and moderate existing cash flow in an environment of persisting low oil prices and unreceptive retail and institutional investors. Despite these challenges, management has prepared an ambitious plan entailing growth via the drill bit and through acquisitions.

Following a recent restructuring of management, we have established a clear set of goals and a methodology for achieving them. Our activity level will be contingent on accessing the required capital. We are focused on two core project areas having excellent potential for growth through the drill bit and have firm targets for the purchase of producing properties. We have the people and ideas in place to grow the Company.

Douglas O. McNichol
President and Chief Operating Officer
March 15, 1999

REVIEW OF OPERATIONS

CORE PROJECT AREAS

During 1998 Lexxor participated in the drilling of eight wells at an average working interest of 79 percent, resulting in four potential gas wells, one oil well and three dry holes. Drilling operations targeted two core project areas, at Haro in north western Alberta and Monitor in east central Alberta, with new pool discoveries drilled and tied-in in both areas.

Activity in early 1999 has resulted in three successful wells in our Northern project with two of the new wells now on production.

LAND HOLDINGS (as at December 31, 1998) (1)

	Developed Acreage		Undeveloped Acreage		Total Acreage	
	Gross	Net	Gross	Net	Gross	Net
Alberta	10,480	4,126	42,120	19,317	52,600	23,443
British Columbia	680	170	3,400	595	4,080	765
Saskatchewan	560	192	4,436	2,418	4,996	2,610
Total	11,720	4,488	49,956	22,330	61,676	26,818

(1) In addition, at December 31, 1998 Lexxor held drilling options on an additional 9,920 acres, entirely in the north western Alberta gas project area.

PLAINS AREA GAS PROJECT

Monitor/Alsask

During 1998 Lexxor drilled three shallow exploratory wells at 100 percent working interest at Monitor resulting in a new pool gas discovery which was tied-in December 1st at a rate of 500 mcf/d. We have defined several firm drillable locations on Company and competitor acreage and plan to drill up to seven wells at an average 50 percent working interest during 1999. All of our Plains Area prospects are in close proximity to existing production infrastructure.

Saskatchewan Heavy Oil

Lexxor's heavy oil pool at Court in western Saskatchewan was shut-in for most of 1998 due to low prices for crude oil. With narrowing quality differentials we are optimistic that we can return the field to economic production this spring. Lexxor has a 50 percent interest and operates the pool, which is capable of approximately 300 barrels per day of production (150 BOPD net). The Company also plans to tie-in a shallow gas zone encountered in one of our wells at an initial rate of 800 mcf/d (400 mcf/d net).

NORTHERN GAS PROJECT

Haro, Alberta

Prior to our winter drilling activity, Lexxor finalized a joint venture arrangement involving a $500,000 payment to Lexxor in return for a 50 percent interest in one producing gaswell and the structuring of an Area of Mutual Interest encompassing exploration prospects in a five township area. Lexxor also received preferred access to the partner's gas processing facility and significantly reduced transportation fees for our working interest reserves and production within the Area of Mutual Interest. Lexxor operated drilling activity has since resulted in two new producing gas wells and the delineation of five new locations for next winter's program.

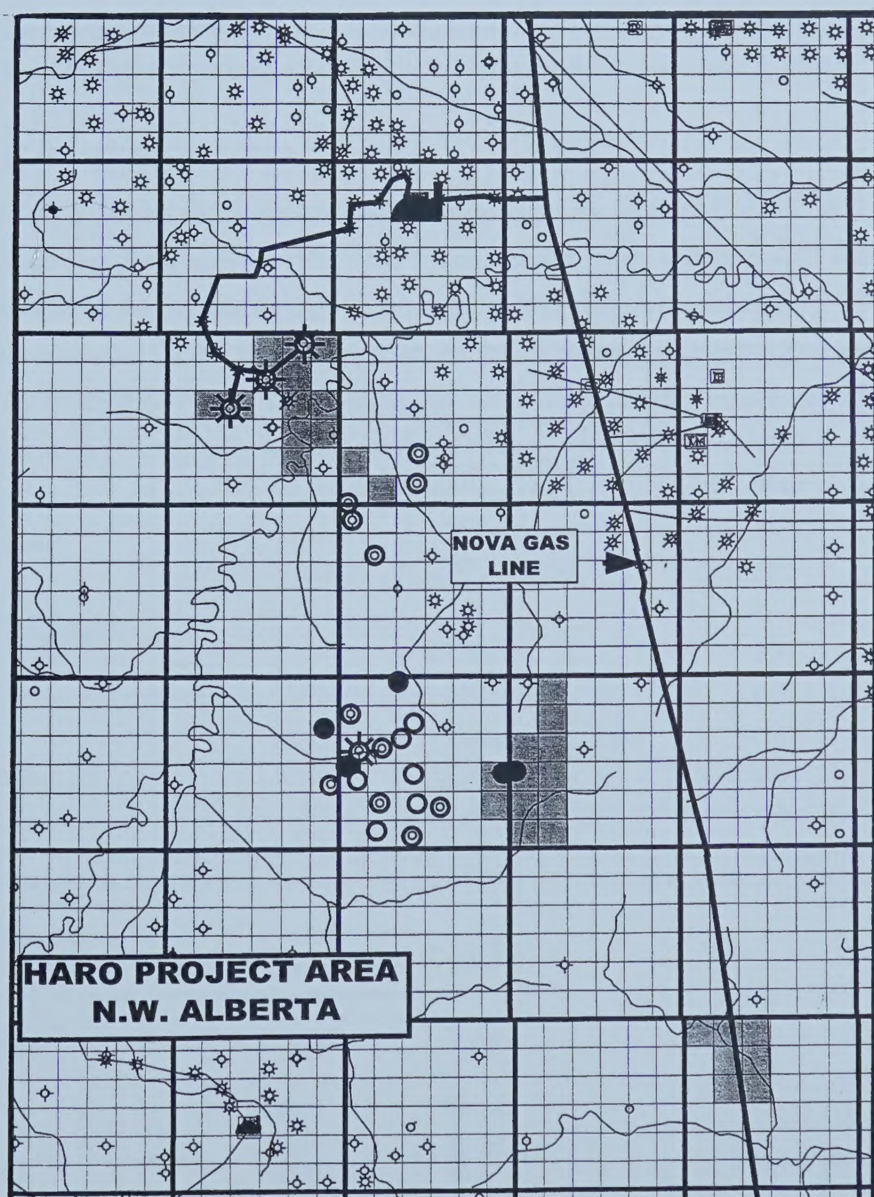
Haro South

Completion of a cased well drilled in early 1998 (65 percent before payout, 32.5% after payout) and follow up drilling allowed Lexxor to earn interests in 10 sections (6,400 gross acres) overlying potentially significant hydrocarbon reserves at relatively shallow depths (750 meters). Preliminary flow tests have been encouraging and industry competitors have drilled or licensed 16 wells adjacent to Lexxor acreage. Seasonal access limitations and the absence of production infrastructure preclude the booking of commercial hydrocarbon reserves but the Company is confident that our work in 1998 will be rewarded as this emerging prospect is developed by Lexxor and adjacent competitors.

OIL AND NATURAL GAS RESERVES

In a report effective December 31, 1998, Paddock Lindstrom & Associates Ltd. evaluated Lexxor's reserves of oil, natural gas liquids and natural gas. Proved plus risked probable oil and natural gas liquids reserves totaled 421 thousand barrels while natural gas reserves were 1.75 billion cubic feet. Of these reserves, 96 percent are classed as proven. The Paddock Report assigned the following pre-tax present worth values to Lexxor's reserves ($ thousands):

	Discounted at		
	10%	**15%**	**20%**
Total Proved	$3,462	$3,000	$2,646
Risked Probable	87	66	51
Proved plus Risked Probable	3,549	3,066	2,697
ARTC	246	227	211
Total	$3,795	$3,293	$2,908



RECONCILIATION OF CHANGES IN RESERVES

The following tables provide the changes in gross reserves since December 31, 1997:

Oil and Liquids

(MBbls)	Proved	Probable [2]	Total
December 31, 1997	447	19	466
Discoveries, 1998	0	0	0
Acquisitions,1998	21	4	25
Less:			
Production	(26)	-	(26)
Revisions	(21)	1	(20)
Dispositions	(21)	(3)	(24)
December 31, 1998	400	21	421

Natural Gas

(Mmcf)	Proved	Probable [2]	Total
December 31, 1997	3,966	555	4,521
Discoveries, 1998	1,163	0	1,163
Acquisitions, 1998	7	1	8
Less:			
Production	(569)	-	(569)
Revisions	(434)	(68)	(502)
Dispositions	(2,405)	(469)	(2,874)
December 31, 1998	1,728	19	1,747

Barrels of Oil Equivalent

(MBOE) [1]	Proved	Probable [2]	Total
December 31, 1997	844	75	919
Discoveries, 1998	116	0	116
Acquisitions, 1998	21	4	25
Less:			
Production	(83)	-	(83)
Revisions	(64)	(6)	(70)
Dispositions	(261)	(50)	(311)
December 31, 1998	573	23	596

(1) *Thousand Barrels of Oil Equivalent (where 10 thousand cubic feet of natural gas = 1 barrel of oil equivalent).*
(2) *Probable reserves have been discounted by a factor of 50 percent to account for the risk associated with the probability of obtaining production from such reserves.*

DRILLING ACTIVITY

Lexxor participated in the drilling of 8 wells during 1998 (6.30 net), resulting in 4 potential gas wells (3.15 net), one oil well and 3 dry holes (2.50 net). Lexxor's average working interest increased markedly to 79 percent versus 36 percent in the prior year, with the Company operating seven of the eight wells drilled.

	Exploratory		Development		Total	
	Gross (1)	Net (2)	Gross (1)	Net (2)	Gross (1)	Net (2)
Gas	2	2.00	2	1.15	4	3.15
Oil	1	0.65	0	0.00	1	0.65
Dry	1	0.50	2	2.00	3	2.50
Total	4	3.15	4	3.15	8	6.30
Average W.I. %	79		79		79	
Success %	75	84	50	37	63	60

(1) "Gross" wells means the number of wells in which Lexxor had a working interest.

(2) "Net" wells means the sum of the individual working interests in all gross wells in which Lexxor had a working interest.

FINDING AND ON-STREAM COSTS

Taken at face value, Lexxor's finding and on-stream costs were entirely unacceptable in 1998. A significant component of capitalized G&A on a small capital expenditure budget base combined with "front end load costs" related to land and seismic for future prospects exacerbated the per unit figures. A decision to defer the booking of reserves in an evolving project (in light of commodity pricing concerns and the need for production infrastructure to bring the reserves to market) reduced the "Reserve discoveries" figure as well. These factors aside, our recent management restructuring is expected to result in a focused drilling and acquisition effort in our two core areas where money spent in 1998 has positioned the Company to drill a number of lower risk follow-up wells now that initial discoveries have been made and "up front" capital for land, seismic and pipelines has been incurred.

FINDING COST TABLE

($ 000 except where noted)	1998	1997
Finding costs		
Drilling and completions	**1,367**	**4,999**
Lease acquisitions and rentals	**284**	**435**
Seismic	**88**	**237**
Capitalized G&A	**478**	**230**
Total net finding costs	**2,217**	**5,901**
On-stream costs (1)		
Equipping costs, tie-ins & facilities	**673**	**1,602**
Finding plus on-stream costs	**2,890**	**7,503**
Reserve discoveries (MBOE)	**116**	**768**
Costs per BOE		
Finding costs	**$19.11**	**$7.68**
On stream costs	**$5.80**	**$2.09**
Total and average per BOE	**$24.91**	**$9.77**

1. On-stream costs in 1997 are net of the sale and lease back of the Conroy facility ($928,000 net).

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDING DECEMBER 31, 1998 AND DECEMBER 31, 1997

During 1998, the Company undertook an asset rationalization plan in an attempt to divest itself of non-controlled and under performing assets. This plan was implemented to allow the Company to concentrate its focus on Company generated and operated prospects. It was important that the Company maintain more direct fiscal control of its future operations. This asset rationalization plan and the continuous drop in oil prices over the year to a West Texas Intermediate price in December of $10.59 per barrel resulted in the Company having to writedown the carrying value of its remaining assets. With the sale of properties behind us and the carrying value of the remaining properties reflecting the economics of today's environment, the Company's management is optimistic that with access to capital, vital to the future of all oil and gas companies, we can show growth in cash flow, earnings and share value.

Production

As a result of this rationalization plan and the ultimate divestiture of non-core properties, production decreased in 1998 to average 228 BOE/d made up of 1,558 MCF/d of natural gas and 72 barrels per day of oil and natural gas liquids. Production in 1997 averaged 270 BOE/d made up of 1,824 MCF/d of natural gas and 88 barrels per day of oil and natural gas liquids.

Revenues

Petroleum and natural gas revenues totaled $1,463,975 down 28% from $2,033,187 in 1997. This reduction in revenues was the result of property dispositions during the year and lower average product prices. New prospects brought on stream at Haro and Monitor and the purchase of Wood River helped offset the revenue loss from property sales. Oil and natural gas revenues declined 40% to $456,130, while natural gas revenues declined 21% to $1,007,845.

Prices averaged $17.57 per BOE in 1998, down 15% from $20.60 per BOE in 1997. The average oil price declined 27% to $17.24 per barrel in 1998 from $23.61 per barrel in 1997 while average natural gas prices declined 7% from $1.91 per mcf in 1997 to $1.77 per mcf in 1998. Total cash netback declined 84% in 1998 to $1.20 per BOE from $7.71 per BOE in 1997. This decline in our cash netback is due not only to lower product prices but also due to increases in general and administrative expenses and higher interest expense.

BOE Cash Netback Per Unit

(BOE)		% Change	1998	1997
Sales -	total	(16)	83,306	98,703
	per day	(16)	228	270
Revenue		(15)	$17.57	$20.60
Royalties		7	(2.93)	(2.74)
ARTC		41	1.03	.73
Operating Costs		15	(7.69)	(6.71)
Operating Netback		(33)	7.98	11.88
General and administrative		46	(5.76)	(3.95)
Interest		364	(1.02)	(0.22)
Cash Netback		(84)	$1.20	$7.71

Royalties

Total royalties paid on production during 1998 were $244,075 ($189,018 crown and $55,057 freehold and overrides) or 17% of revenues. In 1997, the Company paid $270,746 or 13% of revenues. This percentage increase is a result of higher royalties paid on increased gas production in Alberta. The royalty rate for natural gas was 19% (12% in 1997) and for oil and natural gas liquids was 12% (16% in 1997). On a BOE basis, royalty expense was $2.93 in 1998 versus $2.74 in 1997. This expense was comprised of royalties on oil and natural gas liquids of $2.12 in 1998 versus $3.70 in 1997 and $0.33 for natural gas in 1998 versus $0.23 in 1997.

Alberta Royalty Tax Credit

The ARTC totaled $86,082 during 1998 versus $71,664 in 1997. The program averaged approximately 69% of eligible Alberta Crown Royalties in 1998 versus approximately 61% in 1997. The ARTC reduced the effective royalty rate to 11% in 1998 consistent with an effective royalty rate in 1997 of 10%. On a BOE basis, ARTC reduced royalties by $1.03 in 1998 versus $0.73 in 1997. As a result of the ARTC, oil royalties were reduced by $0.09 per barrel and gas royalties by $0.15 per mcf in 1998.

Operating Expenses

Operating expenses totalled $640,608 or $7.69 per BOE in 1998, $117,500 or $4.44 per barrel for oil and natural gas liquids and $523,108 or $0.92 per mcf for natural gas. Operating costs for 1997 totalled $661,985 or $6.71 per BOE, $2.40 per barrel for oil and natural gas liquids and $0.88 for natural gas. Operating expenses for oil increased on a per unit basis as production declined and as new oil projects or remedial work on existing production was deferred. The high operating expenses for gas are a result of the Company not having working interests in facilities and are therefore subject to transportation and processing fees. Operating expenses for gas should decrease in 1999 as a result of the sale of high operating cost properties in B.C. and an agreement in late 1998 with a facility owner for reduced transportation and processing fees at Haro.

Netbacks

The Company's operating netback on a BOE basis was $7.98 per barrel in 1998 down 33% from $11.88 per barrel in 1997. The netback for oil and natural gas liquids in 1998 was $10.77 per barrel versus $18.24 per barrel for 1997. This $7.47 per barrel or 41% reduction results almost entirely from a $6.37 per barrel or 27% reduction in the average sales price received. Natural gas netback in 1998 was $0.67 per mcf down $0.20 per mcf or 23% from 1997. The average price received decreased 7% from $1.91 per mcf in 1997 to $1.77 per mcf in 1998. This decrease and disappointing average is the result of an unfavourable gas contract to deliver gas to Ontario. The Company expects the average price for natural gas to increase in 1999 as a result of the termination in October of the Ontario contract and due to the Company committing to a one year contract terminating November 30, 1999 to deliver 500 gigajoules/d at a price of $2.63 per gigajoule.

Operating Netback Per Unit

	Oil & NGL's (bbls)		**Gas (mcf)**	
	1998	**1997**	**1998**	**1997**
Sales - Total	26,455	32,138	568,503	665,649
Per day	72	88	1,558	1,824
Revenue	$17.24	$23.61	$1.77	$1.91
Royalties	(2.12)	(3.70)	(0.33)	(0.23)
ARTC	0.09	0.73	0.15	0.07
Operating	(4.44)	(2.40)	(0.92)	(0.88)
Operating Netback	**$10.77**	**$18.24**	**$0.67**	**$0.87**

General and Administrative Expenditures

Gross general and administrative expenditures totalled $1,018,888 in 1998 an increase of 42% over 1997. This increase reflects the additional cost of the Company's stated desire to generate and operate its prospects. This policy requires additional up front expenditures for geological and land staff. The Company capitalizes land, geological and geophysical salaries and overhead related to exploration and development. As a result, $478,000 or 47% of general and administrative overhead expenditures were capitalized up from $229,635 or 32% in 1997. The Company incurred $12.23 of gross general and administrative expenditures per BOE produced and after capitalized overhead and the recovery of overhead of $60,790 (1997 - $99,875), incurred $5.76 of net general and administrative expenses per BOE produced in 1998. At year-end the Company had five employees and utilizes consultants in support positions to supplement its requirements.

In 1998, the Company agreed to certain management changes which will increase general and administrative expenditures in 1999. These changes are in anticipation of additional funding being made available resulting in an increased activity level in 1999.

General and Administrative Expenses

	% Change	1998 $	1997 $
Gross G&A expenditures	42	1,018,888	719,261
Overhead recoveries	(39)	(60,790)	(99,875)
Capitalized overhead	108	(478,000)	(229,635)
Net G&A expense	23	480,098	389,751
Gross G&A expense ($/BOE)	68	12.23	7.29
Net G&A ($/BOE)	46	5.76	3.95

Interest Expense

The Company incurred $84,954 of interest expense in 1998 an increase from $21,389 incurred in 1997. The industry in general and the Company in particular has become more dependent on debt financing as equity markets become difficult to access. As a result, the Company carried a higher average debt level in 1998 than in 1997 and until we are able to access significant funds from the equity markets, we will rely heavily on debt financing in 1999.

Depreciation, Depletion and Site Restoration

Depletion and depreciation expense totalled $3,114,000 in 1998. Included in this total are ceiling test writedowns totalling $2,500,000. This writedown occurred as a result of property dispositions, high finding and development costs and low commodity prices, particularly for oil. This adjustment to the carrying value of oil and gas assets should be a contributing factor to improved future earnings.

A provision for site restoration costs of $36,000 has been calculated for 1998 based on the total estimated costs relating to future restoration and well abandonment costs of $269,000. The provision recorded to date totals $56,000.

Income Taxes

The Company has not recorded an income tax provision in either 1998 or 1997 due to losses from operations in these years. The accounting losses, however, do not result in identical non-capital income tax losses. The Company has used flow-through shares to finance a portion of its capital expenditures and, as a result, the income tax deductions associated with this spending are not available to the Company. This results in a portion of the capital assets and the resultant depletion and depreciation expense having no tax basis. In addition, because of high general and administrative expenses in relation to oil and gas revenues, our resource allowance is less than our disallowed Crown payments.

Interest and Other Income

The Company used all funds generated from sales of properties and from share issues in 1998 to initially reduce bank debt. As a result, interest and other income dropped from $56,719 in 1997 to zero in 1998.

FINANCIAL RESOURCES AND LIQUIDITY

Lexxor generates funds required to support our corporate initiatives generally from four sources: equity, internally generated cash flow, use of bank debt and working capital and the sale or rationalization of property. Over the last year, with reduced equity being directed toward the sector and with lower oil prices producing reduced cash flows, the use of bank debt is increasing and property dispositions are being undertaken to raise and re-deploy capital.

In December 1998, the Company issued by way of private placement 3,000,000 Class A flow-through shares and 3,000,000 Class A share purchase warrants for proceeds of $600,000. The proceeds of this offering are to be used for 1999 first quarter drilling. By comparison, in 1997, flow-through financing raised $2,035,250. This reduced funding has resulted in the Company becoming more dependent on debt and property dispositions to finance expenditures.

In 1998, the Company began the year with a line of credit of $2.100,000. Property dispositions reduced the facility to $1.800,000 At December 31, 1998, the Company is in breach of an equity convenant under its loan facility. Under the covenant, shareholders' equity must not be less than $3,00,000. At December 31, 1998, sharholdrs' equity was $1,120,646. The Company's bank will not waive this breach until completion of their annual review. If the loan facility is reduced from its current level of $1,8000,000 the Company will require additional sources of financing, from equity offerings and/or property rationalization to meet its commitments in 1999. The Company's management believes that, based on the Company's proved oil and gas reserves, that if the loan facility is reduced, no portion of the long-term debt of $1,260,000 at December 31, 1998 will become due and payable in the next 12 months.

In May 1998, the Company provided notice of a normal course issuer bid which provides that the Company may purchase up to 675,000 Class A shares and up to 125,000 Class B shares on The Alberta Stock Exchange until May 11, 1999. During the year, the Company purchased 210,500 Class A shares for $89,290 ($0.42 per share) and 20,000 Class B shares for $17,288 ($0.86 per share).

Lexxor will satisfy its future short and long term capital needs using a combination of the sale of shares, the use of its credit facility, from its ongoing property rationalization program, and from funds generated from its exploration and development program. It is expected these sources will be drawn upon and will be sufficient to meet ongoing obligations.

INVESTING

Lexxor's philosophy is to fund exploration activity such as seismic and exploratory drilling through a combination of equity and cash flow while lower risk activities such as development drilling and the construction of facilities are funded through bank debt. Lexxor is primarily an exploration company. Our capital expenditures have been directed toward the exploration for and development and production of oil and natural gas. The availability of equity financing dictates the level of capital expenditures the Company can undertake. As the level of equity funding decreases, so does the capital expenditure program. Strategic acquisitions will be considered when Lexxor identifies a property that fits with existing operations and strategies and funds are available.

Capital expenditures for the year ending December 31, 1998 totalled $3,245,313, a decrease of $5,224,660 or 62 percent over the amount expended in 1997. These funds were expended on the drilling of 8 (1997 – 33) gross wells and on the completion and tie-in of successful wells. Included in this total is an acquisition of an oil producing property at a cost of $322,526. In 1998, the Company disposed of non-core properties for total net proceeds of $1,166,582. These properties were non-operated, high cost properties and did not fit the Company's strategy of core properties in which the Company can take a direct role in the development and operating of the property. The Company has sold half its interest in one additional property effective January 1, 1999. The partial sale of this property for proceeds of $500,000 enabled the Company to gain access to gathering lines and plant capacity at reduced rates and aligns the Company's interest in the area with the major operator in the area.

The Company expects 1999 to be a pivotal year. As a junior exploration Company, survival is not sufficient. The Company must drill, add reserves, show growth and increase value. In order to accomplish this goal, access to equity financing is critical. We are confident in management's ability to develop opportunities and to invest capital wisely to take our emerging Company into the next millennium.

CAPITAL EXPENDITURES

	1998	1997
	$	$
Land	283,561	434,786
Geological and seismic	88,017	175,635
Drilling and completions	1,366,767	5,060,041
Well equipment and tie-ins	673,239	2,517,801
Direct general and administrative	478,000	229,635
Field equipment	-	13,549
	2,889,584	8,431,477
Purchase of property	322,526	-
Office furniture and equipment	33,203	38,526
	3,245,313	8,469,973
Reserve additions (BOE)		
Proven	116,000	646,000
Proven plus probable risked at 50%	116,000	768,000
Finding costs per BOE		
Proven	$24.91	$11.61
Proven plus probable risked at 50%	$24.91	$9.77

MANAGEMENT'S REPORT

The financial statements of Lexxor Energy Inc. were prepared by management in accordance with accounting principles generally accepted in Canada. The financial and operating information presented in this Annual Report is consistent with that shown in the financial statements.

Management has designed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of reliable and timely financial statements for reporting purposes. Timely disclosure requires the use of estimates when transactions affecting the current accounting period cannot be finalized or known for certain until future periods. Such estimates are based on judgements made by management using all relevant information known at the time.

External auditors appointed by the shareholders have examined the corporate and accounting records in order to express their opinion on the financial statements. The Audit Committee has met with the external auditors and management in order to determine if management has fulfilled its responsibilities in the preparation of the financial statements. The Audit Committee has reported its findings to the Board of Directors who have approved the financial statements.

Douglas O. McNichol
President and Chief Operating Officer

J. Paul Lawrence
Vice President, Finance and Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Lexxor Energy Inc. as at December 31, 1998 and 1997 and the statements of loss and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1997 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta
February 26, 1999

BALANCE SHEET

	December 31 1998	1997
Assets		
Current assets		
Cash and short-term investments *(Note 5(b)(iii))*	**$ 3,636**	$ 504,937
Property held for sale *(Note 2)*	**500,000**	-
Accounts receivable	**550,204**	587,908
Prepaid expenses	**46,927**	37,101
	1,100,767	1,129,946
Capital assets *(Note 2)*	**2,771,841**	5,107,110
	$ 3,872,608	$ 6,237,056
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,435,962**	$ 1,460,154
Long-term debt *(Note 3)*	**1,260,000**	280,000
Provision for site restoration *(Note 4)*	**56,000**	20,000
	2,751,962	1,760,154
Shareholders' Equity		
Share capital *(Note 5)*	**7,142,449**	7,469,544
Deficit	**(6,021,803)**	(2,992,642)
	1,120,646	4,476,902
	$ 3,872,608	$ 6,237,056

Signed on Behalf of the Board

Douglas O. McNichol **J. Gordon Ironside**

STATEMENT OF LOSS AND DEFICIT

	Year ended December 31 1998	1997
Revenue		
Petroleum and natural gas sales	$ 1,463,975	$ 2,033,187
Royalties	(244,075)	(270,746)
Alberta Royalty Tax Credit	86,082	71,664
	1,305,982	1,834,105
Interest and other income	-	56,719
	1,305,982	1,890,824
Expenses		
Operating	640,608	661,985
General and administrative	480,098	389,751
Interest	84,954	21,389
Depletion, depreciation and site restoration	3,150,000	3,623,000
	4,355,660	4,696,125
Net loss for the year *(Note 7)*	(3,049,678)	(2,805,301)
Share repurchases *(Note 5)*	20,517	(187,341)
Deficit, beginning of year	(2,992,642)	-
Deficit, end of year	$ (6,021,803)	$ (2,992,642)

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31 1998	1997
Funds provided by (used in)		
Operating activities		
Net loss for the year	**$ (3,049,678)**	$ (2,805,301)
Items not affecting cash		
Depletion, depreciation and site restoration	**3,150,000**	3,623,000
Cash flow from operations *(Note 7)*	**100,322**	817,699
Net increase in non-cash working capital balances	**3,686**	892,682
	104,008	1,710,381
Financing activities		
Increase in long-term debt	**980,000**	280,000
Issue of common shares	**600,000**	2,035,250
Share issue costs	**-**	(218,015)
Normal course issuer bid share purchases	**(106,578)**	(361,032)
	1,473,422	1,736,203
Investing activities		
Capital assets	**(3,245,313)**	(8,469,973)
Sale of properties	**1,166,582**	2,735,873
	(2,078,731)	(5,734,100)
Decrease in cash and short-term investments	**(501,301)**	(2,287,516)
Cash and short-term investments, beginning of year	**504,937**	2,792,453
Cash and short-term investments, end of year	**$ 3,636**	$ 504,937

Lexxor Energy Inc. (the "Company") was incorporated under the laws of The Province of Alberta on August 8, 1995. The Company's shares began trading on The Alberta Stock Exchange on January 28, 1996.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and include the following accounting policies:

Petroleum and natural gas properties

The Company follows the full cost method of accounting for petroleum and natural gas operations, whereby all costs related to the acquisition, exploration for and development of petroleum and natural gas properties and related reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenditures, costs of drilling both productive and non-productive wells, tangible production equipment and that portion of general and administrative expenditures directly related to acquisition, exploration and development activities. Interest costs are not capitalized unless a major development project is undertaken.

Capitalized costs, including tangible production equipment, are depleted and depreciated using the unit-of-production method based on estimated proven reserves of petroleum and natural gas before royalties as determined by an independent reserve engineer.

The Company applies a ceiling test to capitalized costs on an annual basis to ensure that such costs do not exceed the estimated future net revenues from production of proven reserves, using prices and costs in effect at year end, plus the cost of undeveloped properties net of impairment, less amounts associated with future general and administrative costs, financing costs and income tax expense.

Joint ventures

Substantially all of the Company's exploration and development activities are conducted jointly with other industry participants, and accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

Flow-through shares

The Company issues flow-through shares and the resultant proceeds are used to fund exploration and development expenditures within a defined time period. The income tax deductions associated with the expenditures funded by flow-through arrangements are renounced to investors in accordance

with the appropriate tax legislation. Petroleum and natural gas properties and share capital are reduced by the estimated cost of the renounced tax deductions when the expenditures are incurred.

Future site restoration costs

The Company evaluates costs related to future site restoration. These estimated costs are provided for using the unit-of-production method and are included in depreciation expense.

2 CAPITAL ASSETS

	1998	1997
Petroleum and natural gas properties	**$ 7,526,666**	$ 6,757,159
Well equipment	**2,333,155**	1,857,134
	9,859,821	8,614,293
Office furniture and equipment	**129,020**	95,817
	9,988,841	8,710,110
Accumulated depletion and depreciation	**(6,717,000)**	(3,603,000)
	3,271,841	5,107,110
Less property held for sale	**(500,000)**	-
	$ 2,771,841	$ 5,107,110

Undeveloped properties with a cost of $775,000 (1997 - $975,000) have been excluded from costs subject to depletion and depreciation

During 1998, the Company recorded a writedown of its petroleum and natural gas properties of $2,500,000 based on a year end oil price of $10.47 per barrel and a year end natural gas price of $2.26 per barrel. In 1997, the Company recorded a writedown of its petroleum and natural gas properties of $3,000,000 based on a year end oil price of $16.51 per barrel and a year end natural gas price of $1.76 per mcf.

Effective January 1, 1999, the Company sold an oil and gas property for gross proceeds of $500,000. At December 31, 1998 the Company has classified the property as a current asset.

During the year, the Company capitalized $478,000 (1997 – $229,635) of general and administrative expenditures related to acquisition, exploration and development activities.

3 LONG TERM DEBT

The Company has a revolving demand production loan facility in the amount of $1,800,000 which bears interest at the bank's prime lending rate plus 1% per annum. As of December 31, 1998, an amount of $1,260,000 has been drawn under the facility. The facility is allowed to revolve and fluctuate at the Company's discretion without fixed repayment terms and is subject to an annual review. The collateral for the credit facility is provided by a floating charge oil and gas debenture in the principal amount of $5,000,000.

The Company's bank loan facility requires that the Company maintain a minimum equity covenant of $3,000,000 based on the Company's financial statements. At December 31, 1998 this covenant was not met and will not be waived by the bank until their annual review has been completed. The bank has indicated that presently they consider the loan long term pending completion of this annual review. The Company's loan facility of $1.8 million will be required to support the Company's corporate initiatives in 1999 including the flow-through share expenditure commitment of $600,000 (see Note 5 (b)(i)). If the loan facility is reduced from the current level of $1.8 million the Company will require additional sources of financing to meet its commitments in 1999. Management believes no portion of the long term debt balance at December 31, 1998 will become due and payable in the next 12 months.

4 SITE RESTORATION COSTS

At December 31, 1998, the total estimated costs relating to future site restoration and well abandonments are estimated to be $269,000 (1997 - $260,000) of which $56,000 (1997 - $20,000) has been provided in the financial statements.

5 SHARE CAPITAL

(a) Authorized

Unlimited number of Class A voting shares

Unlimited number of Class B voting shares, convertible at the option of the Company at any time after November 30, 1998 and before November 30, 2000 into Class A shares upon 5 days prior notice to holders of Class B shares. The fraction of a Class A share obtained upon conversion of each Class B share will be equal to $5.00 divided by the greater of $1.00 and the then current market price of the Class A shares. If the Company fails to exercise the conversion option by November 30, 2000, then the Class B shares shall be convertible, at the

option of the shareholders, at any time after December 1, 2000 and before January 31, 2001, into Class A shares. Any Class B shares which have not been converted into Class A shares by January 31, 2001 will be deemed converted into Class A shares effective January 31, 2001.

(b) Issued and issuable

	1998		1997	
	Number of Shares	Amount	Number of shares	Amount
Class A shares				
Balance, beginning of year	8,882,683	$ 4,291,239	7,003,600	$ 3,509,470
Issued for cash pursuant to private placement	-	-	400,000	500,000
Issued for cash pursuant to flow-through share offering	3,000,000	600,000	1,335,000	1,535,250
Issuable for cash pursuant to flow-through share offering	-	-	434,783	500,000
Tax benefit flowed through to shareholders	-	(800,000)	-	(1,425,000)
Repurchase of shares	(210,500)	(82,095)	(290,700)	(110,466)
Share issue costs	-	-	-	(218,015)
Balance, end of year	11,672,183	4,009,144	8,882,683	4,291,239
Class B shares				
Balance, beginning of year	1,390,356	3,178,305	1,418,456	3,351,530
Tax benefit flowed through to shareholders	-	-	-	(110,000)
Repurchase of shares	(20,000)	(45,000)	(28,100)	(63,225)
Balance, end of year	1,370,356	3,133,305	1,390,356	3,178,305
		$ 7,142,449		$ 7,469,544

(i) In December 1998, the Company issued by way of private placement, 3,000,000 Class A flow-through shares and 3,000,000 Class A share purchase warrants (see Note (c)) for proceeds of $600,000. The Company has renounced for income tax purposes $600,000 of qualifying expenditures to the purchasers of the shares effective December 31, 1998 and is committed to incur these expenditures in 1999.

(ii) In December 1997, the Company issued by way of private placement, 1,335,000 Class A flow-through shares for gross proceeds of $1,535,250 and renounced for income tax purposes $1,535,250 of qualifying expenditures effective December 31, 1997. As at December 31, 1997, the Company had incurred approximately $225,000 of these expenditures and the balance of $1,310,250 was incurred in 1998.

(iii) In December 1997, the Company entered into an agreement with the Petrovest IV Flow-Through Share Limited Partnership ("Petrovest") to issue 434,783 Class A shares on a flow-through basis for gross proceeds of $500,000 The funds were held in trust for the Company pending the Company issuing the forms prescribed in the Income Tax Act (Canada) and the Taxation Act (Quebec), incurring qualifying expenditures of $500,000 and issuing the flow-through shares. In March 1998, the Company had incurred all of the $500,000 of qualifying expenditures as required under the agreement with Petrovest. The Company issued 434,783 Class A shares on March 20, 1998 and received $500,000 from funds held in trust as consideration for the shares on April 1, 1998. The Company renounced for income tax purposes $500,000 of qualifying expenditures to Petrovest effective December 31, 1997.

(iv) In January 1997, the Company issued by way of private placement 400,000 units to Blue Range Resource Corporation ("Blue Range"), a related party (see Note 8). Each unit contained one Class A share of the Company at $1.25 per share and one-half of a Class A share purchase warrant. Each warrant entitled Blue Range to acquire one Class A share of the Company at a price of $1.55 until July 25, 1998. The warrants expired unexercised.

(v) In May 1998, the Company filed notice of its intention to make a normal course issuer bid. The notice provides that the Company may, during the 12 month period ending May 11, 1999, purchase on The Alberta Stock Exchange up to 675,000 Class A shares and up to 125,000 Class B shares. To December 31, 1998, the Company has purchased and cancelled 210,500 (1997 - 290,700) Class A shares at prices

ranging from \$0.10 to \$1.00 and 20,000 (1997 - 28,100) Class B shares at prices ranging from \$0.25 to \$1.00. The costs incurred relating to the normal course issuer bid were \$ 3,953 (1997 - \$6,692).

(c) Warrants

As part of a private placement in December 1998, the Company issued 3,000,000 warrants expiring June 15, 2000. Three (3) warrants plus \$0.30 are required to purchase one (1) Class A share. As part of a private placement in January 1997, 200,000 warrants were issued which entitled the holder to acquire one Class A share for \$1.55 until July 25, 1998. These warrants expired on July 25, 1998 unexercised.

(d) Stock options

The Company has a stock option plan which provides directors, employees and consultants with options to buy Class A shares. At December 31, 1998 a total of 738,000 (1997 – 676,000) stock options are outstanding at various prices between \$0.46 and \$1.25. During 1998, the Company granted options to purchase 142,000 shares at \$0.46 per share and 80,000 options previously issued were cancelled. During 1997, the Company granted options to purchase 120,000 Class A shares at \$1.10 per share. The options are exercisable over a 5 year period and expire between January 2001 and May 2003. In January 1999, the Company granted and has made application to The Alberta Stock Exchange for the issuance of 410,000 stock options at \$0.25 per share. In addition, application has been made to reprice 293,000 employee (excluding officers and directors) options at \$0.25 per share.

6 INCOME TAXES

The Company has an effective tax rate which differs from the expected Canadian income tax rate. The differences are as follows:

	1998	1997
Statutory tax rate	45%	45%
Computed expected tax provision	$ (1,372,355)	$ (1,262,385)
Increase (decrease) resulting from		
Resource allowance	-	(25,502)
Non-deductible depletion	742,689	1,037,712
Crown charges	85,058	89,858
ARTC	(38,737)	(32,249)
Tax benefit of losses not recognized	583,345	192,566
Provision for income taxes	$ 0	$ 0

Tax Pools

	1998	1997
Undepreciated capital cost	$ 2,094,641	$ 1,585,418
Canadian development expenses	171,064	292,688
Canadian exploration expenses	344,237	518,143
Share issue expenses	538,842	801,707
Non-capital losses carry forward	$ 386,000	$ 224,034

7 LOSS AND CASH FLOW FROM OPERATIONS PER SHARE

	1998	1997
Basic		
Loss per share	**$(0.35)**	$(0.38)
Cash flow per share	**$0.01**	$0.11
Weighted average number of shares	**8,710,227**	7,396,277
Fully diluted		
Loss per share	**Anti-dilutive**	Anti-dilutive
Cash flow per share	**$0.01**	$0.06
Fully diluted number of shares	**15,648,883**	13,189,277

Fully diluted cash flow per share has been calculated assuming the conversion of the Class B shares at the beginning of the year, less repurchases during the year, using the fraction of $5.00 divided by $1.00 for the year ending December 31, 1998, which was the Class A share market close on December 31, 1997 (see Note 5(a)).

8 RELATED PARTY

Until December 1998, Blue Range was a related party by virtue of it being a major shareholder and having common directors with the Company. Effective December 1998, Blue Range ceased to be a related party. Prior to this, the following transactions had occurred between the parties:

i. In July 1998 the Company sold certain oil and gas properties to Blue Range for proceeds, before adjustment; of $600,000. The sale price was determined based on an independent evaluation on the properties.

ii. The Company and Blue Range participated in projects with Blue Range or the Company as operator. During 1998, the Company incurred capital expenditures totaling $228,860 (1997 - $2,764,699) on joint projects, all under regular industry terms.

iii. During 1997, the Company issued by way of private placement 400,000 units to Blue Range (see Note 5 (b)

9 COMMITMENTS

Pursuant to agreements relating to a lease for office premises and a lease for office equipment, the Company is obligated to make the following future payments:

1999	$	82,155
2000		81,651
2001		81,651
2002		46,655
2003	$	0

10 UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11 GAS SALES CONTRACT

The Company has entered into a contract to supply natural gas at a fixed price on a portion of its sales. The Company entered this contract to protect its future earnings and cash flows from the potential adverse impact of low natural gas prices and not for speculative purposes. As at December 31, 1998 the Company has a gas supply contract to supply 500 GJ/day at $2.63/GJ for the period from November 1, 1998 to October 31, 1999.

12 FINANCIAL INSTRUMENTS

The Company's financial instruments recognized in the balance sheet consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and long-term debt. The fair value of these recognized financial instruments approximate their carrying amounts due to the short-term maturity of these investments. The fair value of long-term debt approximates its carrying amount as the interest rate is at a commercial lending rate.

QUARTERLY INFORMATION

		1998	4th	3rd	2nd	1st
STATEMENT OF LOSS						
$ 000, quarterly unaudited						
Revenue						
Petroleum and natural gas		1,464	358	242	335	529
Royalties		(244)	(69)	(52)	(62)	(61)
Alberta Royalty Tax Credit		86	34	9	30	13
		1,306	323	199	303	481
Expenses						
Operating		641	137	119	124	261
General and administrative		480	90	104	175	111
Interest		85	29	27	16	13
Depletion and depreciation		3,150	1,699	1,130	175	146
		4,356	1,955	1,380	490	531
Loss for the period		(3,050)	(1,632)	(1,181)	(187)	(50)
CASH FLOW FROM OPERATIONS						
($ 000's)		100	66	(49)	(13)	96
Per common share	- basic	$0.01	$0.01	($0.01)	$0.00	$0.01
	-fully diluted	$0.01	$0.01	($0.01)	$0.00	$0.01
CAPITAL EXPENDITURES ($ 000's)		3,245	406	1,022	373	1,444
SALE OF PROPERTY ($ 000's)		(1,167)	(27)	(5,821)	(558)	0
BALANCE SHEET ($ 000's)						
Total assets		3,873	3873	5,104	6,666	7,013
Long-term debt (1)		1,595	1,595	2,366	1,875	2,037
Shareholders' equity		1,120	1,120	2,229	3,550	3,948
COMMON SHARES OUTSTANDING						
(000's)						
	Class A	11,672	11,672	8,758	8,789	8,794
	Class B	1,370	1,370	1,372	1,392	1,382

(1) Includes working capital deficiency.

NET ASSET VALUE (as at December 31)

(000's)	**1998**	**1997**
Oil and Gas Reserves [(1)]	$3,293	$4,626
Undeveloped Acreage	1,378	1,276
Seismic and Other Assets	385	400
Working Capital	(335)	(328)
Long Term Debt	(1,260)	(280)
	$3,461	$5,694
Common Shares Outstanding		
Class A	11,672	8,883
Class B	1,370	1,390
Net Asset Value per Share		
Basic	$0.30	$0.64
Fully Diluted [(2)]	$0.19	$0.36

(1) Proven plus risked probable discounted at 15% before tax.

(2) Fully diluted shares outstanding at December 31, include Common Shares outstanding plus the assumed conversion into Class A shares of the 1,370,356 Class B shares outstanding at December 31, 1998 and Class B shares outstanding at December 31, 1997 at $5.00 divided by the greater of $1.00 and the year end market price.

TRADING RANGE OF COMMON SHARES

Class A

Closing Price $0.15

1998	High	Low	Volume
Fourth Quarter	0.25	0.10	148,900
Third Quarter	0.35	0.25	225,020
Second Quarter	0.65	0.25	218,800
First Quarter	1.01	0.50	255,060
			847,780

Class B

Closing Price $0.35

1998	High	Low	Volume
Fourth Quarter	0.37	0.25	12,699
Third Quarter	0.50	0.40	2,886
Second Quarter	1.20	0.60	27,538
First Quarter	1.00	0.90	13,592
			56,715

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CORPORATE OFFICE
550, 500 – Fifth Avenue S.W., Calgary, Alberta T2P 3L5
Telephone: (403) 571-8100 Facsimile: (403) 571-8118
E Mail: lexxor@lexxor.com

BOARD OF DIRECTORS

J. Gordon Ironside (1)
Chairman of the Board

Douglas O. McNichol (2)
President

Ronald R. Talbot
Vice President, Exploration

Michael P. Stanton
Independent Geologist

Ronald J. Will (1)(2)
Financial Executive

John A. Niedermaier (1)(2)
Petroleum Services Executive

(1) Member of Audit Committee
(2) Member of the Compensation Committee

OFFICERS AND SENIOR PERSONNEL

J. Gordon Ironside
Chairman and Chief Executive Officer

Douglas O. McNichol
President and Chief Operating Officer

J. Paul Lawrence
Vice President, Finance and Chief Financial Officer

Ronald R. Talbot
Vice President, Exploration

Wayne E. Merkel
Manager, Exploration

Lionel A. Stewart
Senior Explorationist

Melinda J. Lawryk
Supervisor, Accounting

Gregory G. Turnbull
Corporate Secretary

SOLICITORS

Code Hunter Wittmann
1400, 700 Second Street S.W.
Calgary, Alberta T2P 4V5

BANKERS

Alberta Treasury Branches
239 – Eighth Avenue S.W.
Calgary, Alberta T2P 1B9

AUDITORS

PricewaterhouseCoopers
1200, 425 – First Street S.W.
Calgary, Alberta T2P 3V7

EVALUATION ENGINEERS

Paddock Lindstrom & Associates Ltd.
2000, 801 – Sixth Avenue S.W.
Calgary, Alberta T2P 3W2

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada
Calgary and Toronto

EXCHANGE LISTING

The Alberta Stock Exchange

STOCK SYMBOLS

Class A Shares: LXX.A
Class B Shares: LXX.B

LEXXOR

CORPORATE OFFICE

550, 500 Fifth Avenue S.W., Calgary, Alberta T2P 3L5
Telephone: (403) 571-8100 Facsimile: (403) 571-8118
E Mail: lexxor@lexxor.com